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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA - SAN JOSE DIVISION

In re:

ACACIA MEDIA TECHNOLOGIES CORPORATION,

Case No. C 05-01114
MDL No. 1665

OPPOSITION TO ACACIA'S MOTION FOR ENTRY OF JUDGMENT OF NONINFRINGEMENT AND INVALIDITY FOR INDEFINITENESS OF U.S. PATENT NO. 6,144,702 AND CERTIFICATION PURSUANT TO FED. R. CIV. P. 54(B)

Date: February 24, 2006
Time: 9:00 a.m.
Courtroom: 8, 4th Floor
Judge: Honorable James Ware

Dockets.Justia.com

I. INTRODUCTION

In its motion, Acacia concedes that all of the claims of the '702 patent are invalid and not infringed. Acacia's concession as to invalidity is based on the Court's finding that the terms "sequence encoder" and "identification encoder" are indefinite. Acacia's concession as to non-infringement is based on the Court's construction of the phrase "transmission system at a first location." To this much of Acacia's motion, the Defendants[1] agree.

But Acacia also asks this Court for entry of a Rule 54(b) judgment. Acacia seeks to sever these three claim construction issues from all others and take an immediate appeal out of turn. Defendants oppose this request for the following reasons:

- The '702 patent is one of five patents asserted in this litigation which all share the same specification. Thus, an appeal now will result in repetitive review of the same intrinsic record.
- Taking an appeal now means there inevitably will be at least 2 appeals and potentially 2 remands -- with no resulting benefit. Avoiding multiple appeals to the Federal Circuit conserves judicial resources and litigation costs.
- The MDL process is not yet complete -- with 2 cases yet to be transferred to this proceeding. Any appeal would be premature in light of the state of this case.
- Acacia has failed to demonstrate that it has a *bona fide* need to take an immediate appeal and has not shown that the equities weigh in its favor.

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[1] The following defendants join in this brief: The DirecTV Group, Inc.; Coxcom, Inc.; Hospitality Network, Inc.; Mediacom Communications Corporation; Cable One, Inc.; and Cequel III Communications I, LLC (dba Cebridge Connections); Comcast Cable Communications, LLC; Charter Communications, Inc.; Armstrong Group; Block Communications, Inc.; East Cleveland Cable TV and Communications LLC; Wide Open West Ohio LLC; Massillon Cable TV, Inc.; Mid-Continent Media, Inc.; US Cable Holdings LP; Savage Communications, Inc.; Sjoberg's Cablevision, Inc.; Loretel Cablevision; Arvig Communications Systems; Cannon Valley Communications, Inc.; NPG Cable, Inc.; Echostar Satellite LLC; Echostar Technologies Corporation; Ademia Multimedia, LLC; ACMP, LLC; AEBN, Inc.; Audio Communications, Inc.; Club Jenna, Inc.; Cyber Trend, Inc.; Cybernet Ventures, Inc.; Game Link, Inc.; Global AVS, Inc.; Innovative Ideas International; Lightspeed Media Group, Inc.; National A-1 Advertising, Inc.; New Destiny Internet Group, LLC; VS Media, Inc.; Offendale Commercial Limited BV; and International Web Innovations, Inc.

For these reasons, as discussed more fully below, Defendants respectfully request that this Court enter summary judgment of invalidity and non-infringement, as to all Defendants, of claims 1-42 of the '702 patent, but deny Acacia's request for a Rule 54(b) judgment.

II. ARGUMENT

Rule 54(b) requests are granted only sparingly. *See Curtiss-Wright Corp. v. General Electric Co.*, 446 U.S. 1, 8 (1980). This is not surprising in light of the "historic federal policy against piecemeal appeals.'" *Id.* at 8 (quoting *Sears, Roebuck & Co. v. Mackey,* 351 U.S. 427, 438 (1956)). A Rule 54(b) judgment should be granted only if there are "interest[s] of sound judicial administration" to be served. *Id.*

A litigant seeking a Rule 54(b) judgment must establish that (1) the litigation is final "as to one or more but fewer than all of the claims or parties," and (2) that there is "no just reason for delay." Fed. R. Civ. P. 54(b). With respect to the second prong of this standard, Acacia must show that taking an appeal now does not compel the appellate court to decide the same factual and legal issues more than once. *Curtiss-Wright Corp.*, 446 U.S. at 8. The degree of similarity between adjudicated and unadjudicated claims is among the central considerations in a Rule 54(b) motion. *See W.L. Gore & Assocs., Inc. v. Int'l Med. Prosthetics Research Assocs., Inc.*, 975 F.2d 858, 862 (Fed. Cir. 1992). Any risk of duplicative appeals that include overlapping factual and legal issues weighs heavily against a request for certification. "We cannot afford the luxury of reviewing the same set of facts in a routine case more than once without a seriously important reason." *Wood v. GCC Bend, LLC,* 422 F.3d 873, 882 (9th Cir. 2005).[2] The Court should also consider whether the equities favor entry of a Rule 54(b) judgment. *Curtiss-Wright Corp.*, 446 U.S. at 8. As discussed below, Acacia has failed to meet this standard.

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[2] To the extent the Federal Circuit does not have law regarding a particular issue, it looks for guidance to decisions of the applicable regional circuit, as well as those of other circuits. *See, e.g., Wang Laboratories, Inc. v. Applied Computer Sciences, Inc.*, 958 F.2d 355, 357 (Fed. Cir. 1992).

A. Acacia's Appeal Now Of Three Claim Construction Issues Of The '702 Patent Would Require Review Of The Same Factual and Legal Issues In Subsequent Appeals.

Acacia argues that an immediate appeal will not result in a repetitive review because the claim terms at issue are found only in the '702 patent claims. This, however, is plainly wrong. Acacia seeks to appeal the Court's claim construction findings concerning three terms in the '702 patent while it continues to assert infringement of four other patents that are members of the Yurt family of patents. All Yurt patents claim a priority date from a common application, share the same specification, and describe the same technology. Having the same specification, these Yurt family patents could not be more closely related.

Every claim construction and indefiniteness ruling will turn on the court's interpretation of the specification. The intrinsic record, and especially the specification, is highly relevant to claim construction. The specification is usually the "single best guide to the meaning of a disputed term." *Phillips v. AWH Corp.*, 415 F.3d 1303, 1315 (Fed. Cir. 2005) (citation omitted). Consideration of the patent's prosecution history is also relevant to claim construction. *Id.* at 1317. The prosecution history of patents in the same family may be relevant for construing terms. *See Datamize, LLC. v. Plumtree Software, Inc.*, 417 F.3d 1342, 1353 (Fed. Cir. 2005). In an indefiniteness analysis, the court must decide whether one skilled in the art would understand the bounds of the claim when read in light of the specification. *Personalized Media Communications, LLC. v. Int'l Trade Comm'n,* 161 F.3d 696, 705 (Fed. Cir. 1998).

As the Court is well aware, claim construction of the terms "sequence encoder," "identification encoder," and "transmission system at a first location" involved a careful review of the entirety of the '702 patent specification. *See* July 12, 2004 Markman Order, pp. 27-36; December 7, 2005 Further Markman Order, pp. 6-18. The claims of the '702 patent, similar to the claims of the remaining patents, are directed to a system-level device or method for sending or receiving information. On appeal of these issues, the Federal Circuit must examine the '702 patent specification and its prosecution history, become familiar with the underlying technology, and determine the scope of the patent disclosure. Subsequently, however, if Acacia's Rule 54(b) request is granted, claim construction rulings of the remaining patents inevitably will be appealed (collectively or individually) to the Federal Circuit. Upon receiving this second round of appeals, the Federal Circuit will be called on to reexamine the same specification, the same family of prosecution histories, and the same technology. This is precisely the duplicative appellate review that is proscribed by the Federal Circuit and disallowed by the district courts.

For example, in *Chaparral Communications, Inc. v. Boman Indus., Inc.,* 798 F.2d 456 (Fed. Cir. 1986), the district court granted a partial summary judgment that held the plaintiff's design patent unenforceable due to inequitable conduct, but reserved the plaintiff's claim for infringement of its utility patent for trial. The plaintiff's subsequent motion for a Rule 54(b) certification was denied. The Federal Circuit affirmed, holding that the district court

> properly concluded that the need for an immediate appeal was clearly outweighed by the policy against piecemeal adjudication. The district judge noted that the case had been pending for nearly thirty months and that the factual issues underlying all counts were sufficiently intertwined that the separate appeal of the summary judgment counts would complicate trial of the remaining counts.

Id. at 459; *see also Surgical Laser Techs., v. Surgical Laser Prods., Inc.,* 27 U.S.P.Q.2d (BNA) 1614, 1993 U.S. Dist. LEXIS 1062 at *11 (E.D. Pa. 1993) (motion for a Rule 54(b) judgment was denied because "[g]ranting Rule 54(b) certification creates the possibility that the Court of Appeals for the Federal Circuit would have to acquaint itself with [plaintiff's] two-piece laser delivery system a second time."); *Kimberly-Clark Corp. v. Eastern Fine Paper, Inc.,* 559 F.Supp. 815, 836 (D.Me. 1981) ("If the judgment entered today were to be treated as final, thus providing the basis for a piecemeal appeal, prejudice to one or both parties might well result, especially since the adjudicated and pending claims are related and arise from similar factual allegations."); *TDC Elecs., Inc. v. Jack B. Harper Contractor,* 1992 U.S. Dist. LEXIS (E.D.La. 1992) (even where "the factual overlap between [plaintiff's] patent claims and [defendant's] non-patent counterclaims is slight . . . the interests of judicial economy favor proceeding to the second phase of trial.").

In its motion, Acacia relies heavily on *W.L. Gore & Assocs., Inc. v. Intern. Med. Prosthetics Research Assoc., Inc.*, 975 F.2d 858 (Fed. Cir. 1992), to argue that a Rule 54(b) certification is proper. But the facts of *W.L. Gore* bear no resemblance to this case. *W.L. Gore* involved only **one** patent, which was found to be not infringed and invalid. There, the Federal

Circuit simply held that an entry of a Rule 54(b) judgment was proper despite the district court not having resolved the defendant's patent misuse defense and antitrust counterclaims. *Id.* at 862-63. The propriety of certifying a judgment of one patent while patents from the same family remain unadjudicated was never considered in *W.L. Gore*. Here, however, the Court is presented with multiple patents each having issues that will necessitate review of the same specification and related prosecution histories. *W.L. Gore* simply does not support Acacia's motion.

In the end, if the Court permits a separate appeal of the claim construction of the '702 patent claims, it is virtually assured that the Federal Circuit will be asked to address the same or similar legal and factual issues during subsequent appeals. Thus, Acacia's motion fails this critical standard for granting Rule 54(b) requests.

B. Judicial Economy Favors Denying The Rule 54(b) Request.

1. Acacia's Proposal Only Adds To The Judicial Process.

Acacia's argument that an appeal of the '702 patent judgment promotes judicial economy goes something like this: Following remand from this Court, each of the courts of original jurisdiction would proceed with a trial on all but the '702 patent. If the '702 patent claim construction is reversed after trial, those courts would then be required to have another trial. This, argues Acacia, is inefficient. A Rule 54(b) judgment would allow the Federal Circuit to resolve these '702 patent claim construction issues now to avoid the possibility of doubling the number of trials in this matter. Acacia's argument, however, is fallacious. It simply increases the number of appeals to the Federal Circuit, and potentially multiplies the number of proceedings in this Court or in the courts of original jurisdiction.

There are five patents at issue in the case -- and a finally resolved '702 patent judgment is no more significant in disposing of this case than any one of the remaining Yurt patents. If the Court were to enter a Rule 54(b) judgement, Acacia would immediately appeal the judgment to the Federal Circuit. If the Federal Circuit were to order a remand based on any portion of that appeal, this Court would have to undertake further proceedings to resolve the remanded issues. In the meantime, this case would have proceeded, inevitably leading to additional separate appeals and additional potential remands. By the force of Acacia's argument, every partial summary judgment order should be certified for appeal. Thus, Acacia's approach would result in serial appeals which would have the Federal Circuit reviewing the same intrinsic evidence again and again. And, with every remand (if necessary), the number of proceedings in this Court or in the court of original jurisdiction will multiply.

2. Any Appeal Is Premature Without The New York Cases.

As this Court is aware, additional cases are still being transferred to this proceeding. On April 26 2005, Acacia filed two lawsuits, one in Southern Division of New York and another in the Eastern District of New York ("New York cases"). In each of the New York cases, Acacia contends that each of the defendants is infringing one or more of the Yurt patents – including the '702 patent. But the New York cases have not been transferred to this proceeding. Thus, a Rule 54(b) certification at this time would allow Acacia to appeal the rulings as to the '702 patent before the New York cases are even transferred here. This either puts the New York defendants at a significant disadvantage or results in yet another possible appeal.

C. Delaying The '702 Patent Judgment Appeal Would Not Expedite The Disposition Of This Case Or Cause Acacia Any Hardship.

The district courts are also directed, in considering a motion for a Rule 54(b) judgment, to consider "the equities involved." *Curtiss-Wright Corp.*, 446 U.S. at 8.

> If the adjudicated and unadjudicated claims are distinct, the district court still should not exercise its discretion to enter judgment under Rule 54(b) unless doing so will alleviate some hardship or injustice that would result from the delay in the judgment.

10 James Wm. Moore et al., Moore's Federal Practice, § 54.23 [1][b] (3d ed. 1999).

Acacia, however, has not established any urgency for appellate review of the '702 patent. The resolution of the validity and non-infringement of the '702 patent would not dispose of any of the remaining patents. Acacia has made absolutely no showing that it will suffer any hardship or injustice if it has to wait until resolution of other claims in this action before seeking appellate review.

In contrast, as already discussed, a Rule 54(b) judgment would potentially increase the number of appeals to the Federal Circuit and the number of proceedings in this Court. Thus, Acacia's immediate appeal subjects the Defendants to the added cost of parallel track litigation of closely related issues in the district court and at the Federal Circuit -- only to drive up the cost and complexity of this litigation. Acacia should not be permitted to impose this burden on Defendants without a good reason.

Therefore, efficiency and equity require denial of Acacia's request for a separate judgement under Rule 54(b).

III. CONCLUSION

Based on the foregoing, Defendants respectfully request that this Court deny Acacia's Motion for Certification Pursuant to Fed. R. Civ. R. 54(b).

Based on Acacia's concessions, Defendants respectfully request that this Court enter summary judgment of: (1) invalidity for indefiniteness of claims 1-42 of the '702 patent on the basis that the terms "sequence encoder" and "identification encoder" of claims 1-42 of the '702 patent are indefinite; and (2) non-infringement of claims 1-42 of the '702 patent on the basis that the phrase "transmission system at a first location" means "a transmission system at one particular location separate from the location of the reception system," and because Acacia concedes the Defendants have no such transmission system.

Dated: February 3, 2006

Respectfully submitted,

JONES DAY

By: /s/ Victor G. Savikas
Victor G. Savikas

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DIRECTV GROUP, INC.